



## 2009 EFIC Global Readiness index Key findings for Victoria

In February 2009, 726 Australian companies responded to EFIC's second annual Global Readiness index (GRI) survey, providing insight into their experience of key aspects of going global – the destinations, the drivers and obstacles, and the sources and availability of funding.

160 respondents (22% of the national total) are Victorian-based businesses. Over 50% of these operate in the manufacturing sector and 37% have annual turnover between \$1m and \$10m, with a further 21% having turnover between \$10m and \$50m.

Together with our Victorian partners, EFIC is delighted to provide a summary of the Victorian state results showing an ongoing commitment to global expansion despite the current global economic downturn.

With thanks to our  
Victorian partners.



### Offshore operations

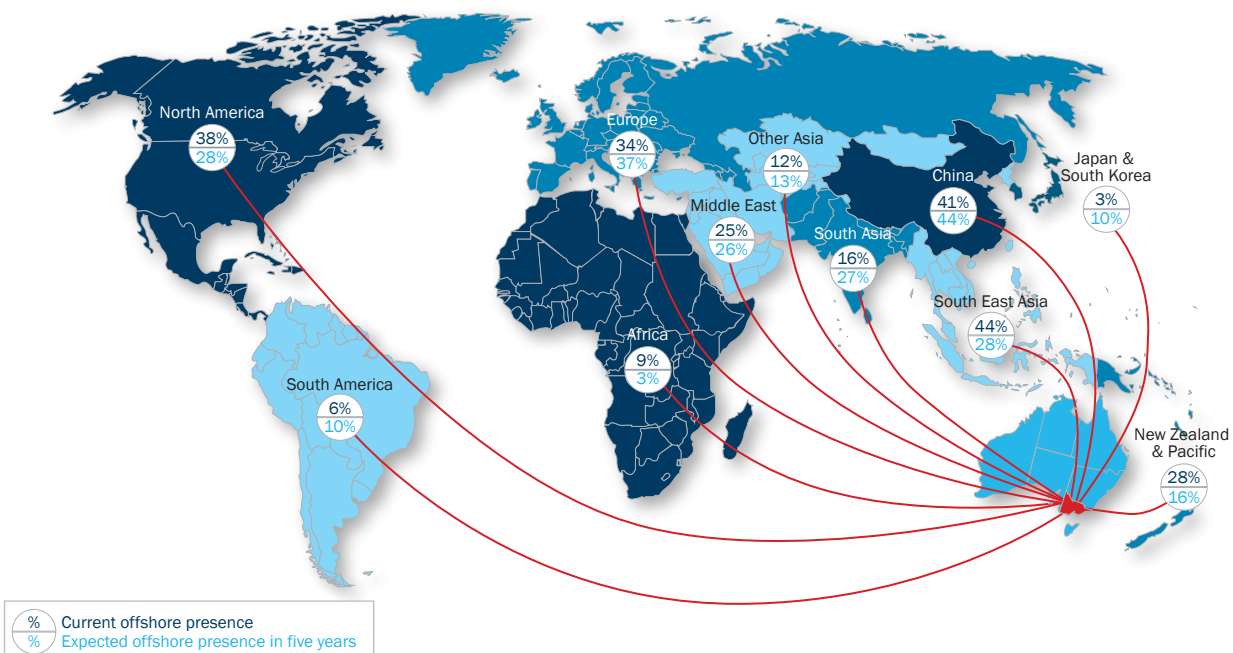
On average Victorian businesses generate 6% of revenue from offshore operations, with 21% currently operating facilities offshore.

- 31% have been operating offshore facilities for between five and ten years.
- 88% of current offshore operators are planning to expand, 66% with the next year.
- Of those Victorian respondents not currently operating offshore facilities, 45% have plans to establish them, 33% within the next two years.

### Destinations for offshore expansion

South East Asia is currently ranked as the most popular location for offshore operations in term of revenue generation with 44% of Victorian respondents (with offshore facilities) located there. However China is predicted to be the most popular destination for offshore facilities, with 44% planning to be located there in five years' time.

Destinations for offshore expansion by Victorian businesses



## Drivers for offshore expansion

Increase revenue/market share is cited as the top factor in establishing offshore operations by the overwhelming majority of respondents across all states, and by 62% of Victorian businesses (see Chart 1).

- 19% of Victorian respondents cited a small domestic market as their top motivator, with a total of 59% citing it as one of their top three drivers – more than in any other state.
- 72% of Victorian respondents established offshore operations to serve the local market.
- 38% established them to better serve other offshore markets.
- Just 16% established offshore operations for the purpose of re-importing back to Australia.

## Barriers to offshore expansion

Nationally the most important barrier to offshore expansion is access to finance, followed by economic conditions abroad. This holds true for Victorian respondents as well. (see Chart 2).

- Of Victorian businesses that have or are planning offshore facilities, 33% nominated access to finance as their top barrier, and 24% nominated economic conditions abroad.
- Overall, 55% said access to finance was a barrier to expanding offshore, while 47% named economic conditions abroad.

Chart 1: Top five drivers for offshore expansion

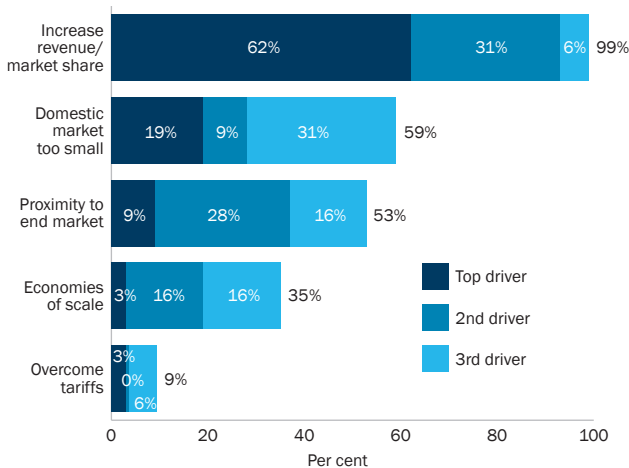
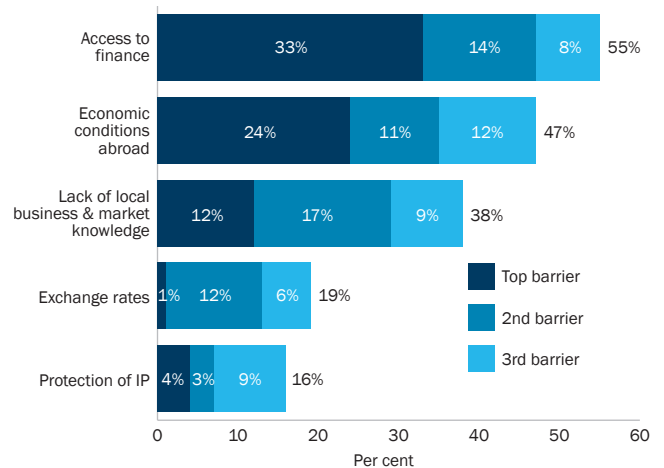


Chart 2: Top five barriers to offshore expansion



## Access to finance

Retained earnings is the most important source of finance for offshore operations, across all states and for Victorian respondents.

- 59% nominated retained earnings as the top source of funding for offshore expansion, with 88% overall relying on this source.
- Overall, Victorian respondents were the most likely to use a debt facility from Australian financial institutions (38%).

## Impact of improved access to finance

The majority of respondents nationally and in Victoria would alter their business plans as a result of improved funding.

- 47% would grow faster in current markets and 40% would enter new geographical markets.

To access the full 2009 EFIC Global Readiness index report, visit [www.efic.gov.au/gri/report](http://www.efic.gov.au/gri/report)